Financial Review of the Global Oil and Natural Gas Industry: First-Quarter 2020

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Key findings for first-quarter 2020

• Brent crude oil daily average prices were 20% lower in first-quarter 2020 than in first-quarter 2019 and averaged $51 per barrel.

• The 102 companies in this study increased their combined liquids production 3.7% in first-quarter 2020 from first-quarter 2019, and their natural gas production decreased 0.1% during the same period.

• Companies increased short-term and long-term borrowing in the first quarter, increasing debt by $55 billion in the quarter.

• The companies wrote down $92 billion worth of assets during the quarter, the most since the fourth quarter of 2015.

Note: The 102 companies analyzed in this study publish publicly available financial statements. A full list of the companies included and a glossary of terms begin on slide 20.
Geographic distribution of global oil and natural gas company headquarters, first-quarter 2020

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: Other includes Argentina, Brazil, Chile, China, Colombia, and Russia.
Distribution of global energy companies by production of petroleum liquids, first-quarter 2020

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements
Liquids and natural gas production was 39 million barrels per day and 21 million barrels of oil equivalent per day, respectively, in first-quarter 2020.

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements.
In first-quarter 2020, global liquids production increased 3.7% year-over-year and natural gas production decreased 0.1%.

liquids and natural gas production
year-over-year change

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements.
First-quarter 2020 crude oil prices were 20% lower than in first-quarter 2019, and natural gas prices decreased 35% during the same period.

Source: Bloomberg
Cash from operations in first-quarter 2020 was $67 billion, 25% lower than in first-quarter 2019.

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements.
Capital expenditure in first-quarter 2020 was $67 billion, 9% lower than in first-quarter 2019.

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements.
Nearly 50% of companies had positive free cash flow, and 46% of companies reported positive upstream earnings in first-quarter 2020.
The companies increased debt by $55 billion in first-quarter 2020, the most for any quarter in the 2015–20 period

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements
The long-term debt-to-equity ratio for energy companies was 50% as of first-quarter 2020 and was 65% for U.S. manufacturing companies.

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau.
The energy companies’ combined market capitalization in first-quarter 2020 decreased by more than $1 trillion year-over-year.
The $92 billion in asset impairments were nearly 10% of the companies’ net present value of their proved reserves.

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements.
The energy companies’ return on equity fell to -1% in first-quarter 2020

![Graph showing four-quarter return on equity and liquids and natural gas production year-over-year change from 2016 to 2020.](image)

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements.
The return on equity for energy companies remained lower than U.S. manufacturing company returns.

four-quarter return on equity

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau
Upstream capital expenditures on a per-barrel basis have averaged about $13.50 per barrel of oil equivalent since 2017

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent
Royal Dutch Shell merged with BG Group in first-quarter 2016. Mergers are typically large, non-recurring expenditures. The $52 billion merger accounted for almost half of all combined company upstream capital expenditure, which contributed to the large increase in the ratio of upstream capital expenditure/BOE to Brent price from fourth-quarter 2015 to first-quarter 2016.

Upstream capital expenditures per barrel of oil equivalent were 19% of crude oil prices in first-quarter 2020

Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent
Crude oil price declines in the second quarter of 2020 indicate further declines in cash from operations and capital expenditures.
Appendix: List of companies

Abraxas Petroleum Corporation  Carrizo Oil & Gas, Inc  Energy XXI Gulf Coast, Inc.
Aker BP ASA  Centaurus Energy Inc.  EnCana Corporation
Amplify Energy Corp.  Centennial Resource Development, Inc.  ENI
Anadarko Petroleum Corp.  Chesapeake Energy Corp.  EOG Resources
Antero Resources Corporation  Chevron Corporation  EP Energy Corporation
Apache Corporation  Cimarex Energy Co.  Equinor ASA
Approach Resources Inc  Clayton Williams Energy, Inc.  Erin Energy Corporation
Bankers Petroleum Ltd  Concho Resources Inc  Extraction Oil & Gas, Inc.
Baytex Energy Corp.  ConocoPhillips  ExxonMobil
Berry Corporation  Contango Oil and Gas Company  FieldPoint Petroleum Corporation
BG Group  Continental Resources, Inc.  Frontera Energy Corporation
Black Stone Minerals LP  Crescent Point Energy Corp  Galp Energia
Blue Ridge Mountain Resources, Inc.  Denbury Resources Inc.  Gastar Exploration Inc.
Bonanza Creek Energy Inc  Devon Energy Corporation  Geopark Limited
BPZ Resources Inc  Earthstone Energy Inc.  Battalion Energy Corporation
Cabot Oil & Gas Corporation  Montage Resources Corporation  Harvest Natural Resources Inc.
California Resources Corporation  Ecopetrol  Hess Corporation
Callon Petroleum  Quintnx Inc.  HighPoint Resources Corporation
Camber Energy, Inc.  Endeavour International Corporation  Houston American Energy Corp
Canadian Natural Resources Limited  Energen Corp  Husky Energy Inc.
Chevron Corporation  Kosmos Energy Ltd  Laredo Petroleum Inc.
Cimarex Energy Co.  Legacy Reserves Inc.  Lills Energy Inc.
Clayton Williams Energy, Inc.  liner Energy  Lonestar Resources US, Inc.
Concho Resources Inc  Magnolia Oil & Gas Corporation  Lukoil PJSC
ConocoPhillips  Marathon Oil Corp.  Lundin Petroleum AB
Contango Oil and Gas Company  Matador Resources Company  Magna Oil & Gas Corporation
Continental Resources, Inc.  Maverick Natural Resources, LLC  Marathon Oil Corp.
Crescent Point Energy Corp  Mid-Con Energy Partners, LP  Maverick Natural Resources, LLC
Denbury Resources Inc.  Midstates Petroleum Company, Inc.  McMoRan Exploration Company
Devon Energy Corporation  Murphy Oil Corporation  Noble Energy
Diamondback Energy Inc.  Newfield Exploration Company  Northern Oil & Gas, Inc
Earthstone Energy Inc.  Newfield Exploration Company  Oasis Petroleum Inc.
Montage Resources Corporation  Oil & Gas Company  Obishid Energy Ltd.
Ecopetrol  Paladin Energy Ltd  Occidental Petroleum Corporation
EcoPetrol  Panhandle Oil & Gas Inc.  OMV Group
Endeavour International Corporation  Paramount Resources Ltd  Panoro Energy plc
EnCana Corporation  Parex Resources Inc.  Parsley Energy Inc.
Energen Corp  PEDEVCO Corp.  PDC Energy, Inc.
Cenovus Energy Inc.  Pengrowth Energy Corporation  PEDEVCO Corp.
Chevron Corporation  Penn Virginia Corporation  PEDEVCO Corp.
Cimarex Energy Co.  Petrobras (OGP US$ Current)  Penney Oil & Gas Corporation
Centennia Natural Resources Inc.  Petrobras (OGP US$ Current)  PetroChina
Chevron Corporation  PetroChina  PetroQuest Energy, Inc.
Chesapeake Energy Corp.  PetroQuest Energy, Inc  PetroQuest Energy, Inc
Cimarex Energy Co.  PetroQuest Energy, Inc  Pioneer Natural Resources Company
Clayton Williams Energy, Inc.  Mid-Con Energy Partners, LP  Pioneer Natural Resources Company
ConocoPhillips  Midstates Petroleum Company, Inc.  QEP Resources Inc
Contango Oil and Gas Company  Murphy Oil Corporation  Range Resources Corporation
Continental Resources, Inc.  Newfield Exploration Company  Repsol
Crescent Point Energy Corp  Newfield Exploration Company  Resolute Energy Corporation
Denbury Resources Inc.  Oil & Gas Company  Repsol
Devon Energy Corporation  Paladin Energy Ltd  Rosneft
Diamondback Energy Inc.  Paladin Energy Ltd  Rosneft
Ecopetrol  Paladin Energy Ltd  Rosneft
EcoPetrol  Paladin Energy Ltd  Rosneft
Endeavour International Corporation  Paladin Energy Ltd  Rosneft
EnCana Corporation  Paladin Energy Ltd  Rosneft

Source: U.S. Energy Information Administration, Evaluate Energy
Note: Some companies merged, split, or de-listed before 2020. A total of 102 companies existed in first-quarter 2020.
Background

• This analysis focuses on the financial and operating trends of 102 global oil and natural gas companies (called the *energy companies*).

• The data come from the public financial statements each company publishes, which a data service (Evaluate Energy) aggregates for ease of data analysis.

• An energy company’s assets that were acquired by another company in the group after first-quarter 2015 were kept in the data for previous quarters.

• Several charts show comparisons between energy companies and the U.S. manufacturing industry. The data were collected from the U.S. Census Bureau’s *Quarterly Financial Report*. 
Brief description of terms

• *Cash from operations* is a measure of income from the company’s regular business activities.

• *Capital expenditure* represents cash used to purchase property, plant, and equipment.

• *Financing activities* measure inflows and outflows in debt or equity markets, including dividends, share issuances or repurchases, and debt issuances or repayments.

• *Return on equity* is a measure of the profit a company earns on money that shareholders have invested.

• *Market capitalization* is the total value of all of a company’s outstanding, publicly traded shares.
Brief description of terms

• *Net income* represents profits after taxes and depreciation.

• *Asset impairments* occur when a company lowers the estimated value of a property to reflect current market value, which may result from the loss of production potential or a decline in oil prices.

• *Upstream activities* refers to crude oil exploration, production, and other operations before refining.

• *Downstream activities* refers to refinery operations, product sales, and marketing at the wholesale and retail levels.